DOCUMENT RESUME

ED 347 938 HE 025 701

AUTHOR Wright, William
TITLE Enrollment Contracts for Home Study Schools. NHSC Occasional Paper 6.
INSTITUTION National Home Study Council, Washington, D.C.
PUB DATE Jun 92
NOTE 17p.
AVAILABLE FROM National Home Study Council, 1601 18th Street, N.W., Washington, DC 20009.
PUB TYPE Guides - General (050)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Admission (School); Check Lists; Compliance (Legal); *Contracts; Correspondence Study; Guidelines; Higher Education; *Home Study; Legal Responsibility; Legislation; Nontraditional Education; *Specifications; Standards

ABSTRACT

This booklet examines the development of a student enrollment contract designed for home study and discusses the items that need to be included in the document, what a home study contract is, how to begin to design it, what areas the contract should satisfy, and the items that should and should not be included. Finally, samples of enrollment contracts are provided to be used as a checklist in order to gauge whether or not all relevant information and legal items are included. It is noted that before designing a contract it is advisable to become familiar with the various laws and regulations established by state and federal governments. (GLR)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

NHSC OCCASIONAL PAPER

ED347938

SCOPE OF INTEREST NOTICE

The ERIC Facility has assigned this document for processing to: HE

In our judgment, this document is also of interest to the Clearinghouses noted to the right. Indexing should reflect their special points of view. EA

Enrollment Contracts for Home Study Schools

HE 025 701

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☒ This document has been reproduced as received from the person or organization originating it

☐ Minor changes have been made to improve reproduction quality

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
National Home Study Council
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

BEST COPY AVAILABLE

NHSC OCCASIONAL PAPER
NUMBER 6

by

William Wright, President
American School, Chicago, Illinois

Published by the National Home Study Council,
Washington, D.C.

June 1992

NHSC OCCASIONAL PAPERS are essays intended to stimulate and encourage candid exchanges of ideas between home study professionals. For a complete set of *Occasional Papers*, write or call the NHSC.

Introduction

Enrollment agreements, also known as contracts or applications, serve as both legal documents and marketing tools. According to The American Law Institute, "A contract is a promise or a set of promises, for the breach of which the law gives a remedy, or the performance of which, the law in some way recognizes a duty." Chief Justice John Marshall said it in a simpler way: "A contract is an agreement in which a party undertakes to do or not to do a particular thing."

The student enrollment contract is the *single most important form* a school will ever prepare. In the planning, wording and design of the contract, you are telling the prospective student exactly what you, as a school, intend to do for him or her. You are also telling this individual what you expect him or her to do in return. You must be explicit in your instructions so that there is not shadow of a doubt what is expected of both parties.

What is a Home Study Contract?

A home study contract is basically the same as any standard contract that offers a service to an individual. The one basic difference is that a home study contract is not only a legal document, but it is also a marketing tool the same as a brochure, catalog or piece of advertising material.

The ideal contract should take the prospective student just a few moments to read and comprehend. It should contain as few hand manipulations as possible. A "hand manipulation" is handwritten or filled-in information on the contract, i.e., every time a pen is placed on a contract to write a name, address, check a box, fill in a number, etc.

The contract should be attractive. It should create a positive emotional reaction in the mind of the prospective student. It should be inviting. It should list the obligations, rights and responsibilities of the school and the student. Avoiding legal jargon is a plus in a home study contract. It should contain simple and understandable language

whenever possible. Above all, it should facilitate, not hinder, an enrollment decision by a student.

Nearly every state and several federal agencies have statutes and regulations for school contracts. Many of these regulations prescribe such special requirements as type size, addresses of agencies, specifically worded refund policy provisions, cancellation notices and even the title for the contract itself. Depending upon the requirements of the state in which your school resides, the method used to enroll students, and the location of your students, you may well have to have more than one enrollment contract.

In most cases a school enrolling students solely by mail should have an enrollment agreement that is in compliance with the laws and regulations of the state where the school is located. In some cases, however, the students' state of residency may have provisions that apply only to students residing in that state which would not apply to the school or students who live in other states. Thus, it might be necessary to have a contract specifically for the state in which you are domiciled and another contract for students who are enrolled from other states. Additionally, if your contract lists tuition plans which include finance charges, it may be necessary to have contracts which comply with the usury laws of the various states whose laws may apply.

Furthermore, recent court decisions tend to indicate that certain consumer law contract provisions might apply to agreements with students enrolled by mail in other states, even though the "education" laws and regulations of those states would not apply.

Also, as a general rule, if a school uses sales representatives to enroll students (even though the final acceptance of the student's enrollment contract takes place at the school's main office) the laws and regulations of the state where the student is enrolled probably apply. This often requires that the school use an enrollment contract that is in compliance with (and possibly approved by) the state where the student is enrolled. It is conceivable that a school with sales agents in 50 states and the District of Columbia, would have to use as many as 51 different enrollment agreements.

How Do You Start?

It is important to note that before designing a contract you should be familiar with the various laws and regulations established by state and federal governments. This can be accomplished by contacting the staff at the National Home Study Council in Washington, D.C. The Washington staff maintains a current listing of the various states and federal agencies and summaries of state regulations. You should also review thoroughly the National Home Study Council's Business Standards before going ahead with your contract. It is also useful to review the questions in the Accrediting Commission's "Examiner's Rating Form." Here you will find references to enrollment contracts and what they should contain. It is also recommended that someone on the school's staff enroll in the NHSC Business Standards course.

There are other items to be taken into consideration when preparing a contract. Within one state, for example, there may also be provisions concerning consumer protection legislation, laws of contract, laws regulating banking and finance, and laws on taxation, each of which may be administered by a different state agency. At the federal level there are VA regulations and policies, Federal Trade Commission guidelines, truth in lending requirements, postal regulations, Department of Education provisions for federally funded programs and possibly other requirements that should be taken into account. The National Home Study Council's Accrediting Commission Business Standards also call for the inclusion of specific provisions, particularly in the area of tuition cancellation and refund.

If all this sounds mind boggling, have no fear. Creatively written and designed enrollment forms can be developed which can satisfy your legal counselor, the marketing manager and the prospective student. If you will follow the stockbroker's theme song which is "Investigate thoroughly before you invest," you should have no difficulty in writing a contract which meets all of the legal criteria and at the same time becomes an attractive marketing tool that can be easily understood by your prospective students.

What Should a Contract Satisfy?

There are five areas which a good contract should satisfy. They are to:

1. serve as a legal document spelling out what you intend to do for the student and what the student's obligation is to you;

2. keep the contract as brief and simple and understandable as possible for the student;

3. write it from a positive point of view so that it does not have a negative impact on the reader;

4. be attractive from an artistic point of view carrying "your message" and "your image" to the prospective student; and

5. have as few hand manipulations as possible so that the prospective student does not get writer's cramp or become discouraged when filling out the form. Keep in mind that many high school graduates these days have difficulty filling out a driver's license application.

What Should be Included?

In order to write an effective contract, the National Home Study Council has prepared a checklist of items to be included in a student enrollment contract.

These items are:

____ 1. A heading, indicating that the document is or becomes a contract or enrollment agreement

____ 2. School name

____ 3. School address

____ 4. Date enrollment is signed by student

____ 5. Student's name

____ 6. Student's address

____ 7. Name of course

____ 8. Enrollment prerequisites

____ 9. Necessary information about the student's educational and experiential background for the school's home office to determine whether a student is "qualified" to enroll in the course

____ 10. Statement of school's obligations (including course objectives, course contents, postage obligations, etc.)

____ 11. Statement of student's obligations (including lesson submission schedule, etc.)

____ 12. Student's signature

____ 13. If Guarantor is required, Guarantor's signature and statement of Guarantor's obligations

____ 14. Indication of school's acceptance of the agreement (may be a signature and a date block on the form, or form may be stamped by home office)

____ 15. "Accredited School" seal

____ 16. A form number or date to identify the particular edition of the contract

____ 17. School's cancellation and settlement policy, and how students may cancel

____ 18. Applicable cooling off notice; varies from state to state

G.I. Bill

____ 19. Block to be checked if student wants to enroll under the G.I. Bill

BEST COPY AVAILABLE

____ 20. Re-affirmation notice form for G.I. Bill enrollees

FTC Regulations

____ 21. Holder in Due Course Notice (also known as Preservation of Consumer's Claims and Defenses)

____ 22. FTC Cooling off period for door-to-door sales (Does not apply to mail or telephone sales)

____ 23. Compliance with Regulation B, Equal Credit Opportunity Act

____ 24. Compliance with Regulation Z, Truth in Lending (applies to courses which permit students to pay tuition in more than four installments, excluding the down payment)

Financial information

____ 25. Total price of course

____ 26. Amount of down payment

____ 27. Payment terms

____ 28. Financial disclosures (see #25)

____ 29. Amount of other charges (sales tax, insurance fees, room and board, extension fees, etc.)

____ 30. Separately state prices and cancellation policies for home study and required resident training courses.

Keep in mind that all items may not be necessary in your contract since you may be exempted from some items because of the way your school is organized or how it operates.

What Not to Include

These provisions may not be included in an accredited school's contract:

1. "Return of texts or equipment in good condition" cannot be required as a condition for refunding tuition.

2. Charging students in one area more/less tuition than students in another area at the same time. The total course price must be the same for all students at a given time.

3. Special pricing plans (discounts) should not be made on an open-ended basis. Price offers must have a date of termination stated.

4. Use of a cancellation clause that is "not equal to or better than" the NHSC cancellation clause unless different language is mandated by a state or federal agency.

5. A student may request cancellation in **any** manner. You cannot demand that a student request cancellation by certified mail, letter, etc., in order to obtain a refund.

6. The maximum registration fee, regardless of the course price, is $150.00

7. Asking for pre-enrollment fees before sending all pertinent literature.

8. Including the registration fee in the amount of tuition a school may retain. The registration fee must be subtracted from the total course price before calculating the tuition that the school may retain.

Sample Enrollment Contract

The following are sample copies of enrollment contracts. They are not intended to be all inclusive contracts which you must use. It should be used as a "checklist" in order to gauge whether or not you have included all relevant information and legal items.

Conclusion

The above may seem like an awful lot of "things" to include in your contract, but if you follow the instructions as outlined here, you can and will produce a document that will get results. As a final point, it is suggested that you have your proposed contract examined by your legal counsel and by the NHSC staff before printing it.

Reference Material:

NHSC Business Standards

NHSC Business Standards Home Study Course

Examiner's Rating Form - All Institutions (Accrediting Commission form)

Preservation of Consumer Claims, FTC

Cooling Off Period - Door to Door Sales, FTC

Equal Credit Opportunity Act, FTC

Truth in Lending Regulation Z, FTC

Consumer Protection Laws, Your state regulatory body.

To obtain FTC documents, call 202-326-2222.

Sample Contract

(Note: For illustrative purposes only--not intended as legal guidance. Consult with your legal counsel when preparing a contract.)

FIRESIDE ACADEMY

1234 First Street, Chicago, Illinois 60687 Telephone 312-555-1212

Special Opportunity Enrollment Application
with 10-Day Money-Back Provision

I. _____ wish to enroll in your Computer-Based Accounting Course
(Mr.) (Mrs.) (Ms.) (Print Name)

_____
Address City State ZIP

I understand that I am to receive all texts, study guides, instruction and grading service as explained in detail on the back of this sheet under the heading, "My Special Advantages."

Check the Tuition Plan You Want:

☐ I want to pay the $1,689.00 tuition in full.

☐ I want to pay by the easy payment plan—$129.00 as my down payment and $119.00 each month for 13 months, with payment 14 at $13.00 (See below for complete details about payment by terms.)

Truth in Lending Disclosures

1 Sales Price	2 Cash Down Payment	3 Amount Financed (The amount of credit provided to you or on your behalf.)	4 Annual Percentage Rate (The cost of your credit as a yearly rate.)	5 Finance Charge (The dollar amount the credit will cost you.)	6 Total of Payments (The amount you will have paid after you have made all scheduled payments.)	7 Total Sales Price (The total price of your purchase on credit, including your down payment.)
$1,689	$129	$1,560	8.00	00	$1,560	$1,689

Your first monthly payment will be due 30 days or more after your enrollment agreement is accepted. Your other monthly payments will be due on the same day of the month as your first payment. This is a Retail Installment Contract and the Truth in Lending Disclosures on this agreement apply.

You will receive a copy of this agreement when your enrollment is accepted by the school. If this agreement is not accepted by the school, all money you have paid to the school will be promptly refunded.

Your Signature: Your signature below shows that you have read and understand the terms outlined on both sides of this agreement. If you are under 18 years of age, see "guarantors" section on the back of this agreement.

X _____
Signature

School Registrar's Use
Accepted
Date

Fireside Academy's Liberal Tuition Settlement Policy

The Fireside Academy believes you will be completely satisfied with this course. If for any reason you elect to discontinue your studies, the Academy has established this liberal cancellation and refund policy for your protection.

A student may terminate an enrollment at any time by notifying the Academy in any manner.

1. If Fireside Academy is notified of cancellation within ten calendar days after midnight of the day on which the enrollment agreement is signed, an applicant requesting cancellation within this time will be given a refund of all money paid to the Academy.

2. From ten calendar days after midnight of the day on which the enrollment agreement is signed and until the time the Academy receives the first completed lesson assignment from the student, upon cancellation, the Academy is entitled to a registration fee of $150.

3. After the Academy receives the first completed lesson assignment and until the student completes half of the course, if the student requests cancellation, the school shall be entitled to the registration fee and charge which shall not exceed the following:

   a. Up to and including completion of the first 10% of the course, 10% of the tuition minus the amount of the registration fee.

   b. After completing more than 10% of the course and up to and including completion of 25% of the course, 25% of the tuition minus the amount of the registration fee.

   c. After completing more than 25% of the course up to and including completion of 50% of the course, 50% of the tuition minus the amount of the registration fee.

4. If the student completes more than 50% of the course, the Academy shall be entitled to the full tuition.

The percentage of the course completed is the receipt of the completed lessons by the Academy as compared to the total lessons (18) in the course.

Course Prerequisites

- In order to enroll for this program, you must be at least 18 years of age and possess a valid high school diploma or its equivalent.
- You must be fluent in English to be accepted.

You will receive 18 independent study lessons sent to you in such a fashion that you will be able to progress rapidly through the program.

My Special Advantages

- You may study with the program at the rate which matches your ability to learn.
- You will receive a diploma upon completion of the program.
- Upon your graduation, Fireside Academy will advise graduates upon request in how to secure a job. However, the Academy **does not guarantee** job placement, and finding a job is ultimately the responsibility of the student.
- You are allowed two years to complete the program. If at the expiration of the two year period you have not finished you may extend the time for completion 6 months by paying a nominal fee of $100, provided that your tuition is fully paid.

Please Complete the Information Below

Date of Birth: ___ ___ ___ Phone: (_____) _____ Posses High School Diploma? Yes ___ No ___

Hold G.E.D. Certificate? Yes ___ No ___ Fluent in English? Yes___ No ____

Notice: Any holder of this consumer credit contract is subject to all claims and defenses which the debtor could assert against the seller of goods or services obtained pursuant hereto or with the proceeds hereof. Recovery hereunder by the debtor shall not exceed amounts paid by debtor hereunder.

***Notice to Buyer**: (1) Do not sign this agreement before you read it or if it contains any blank spaces. (2) You are entitled to a completely filled-in copy of this agreement. (3) Under the law, you have the right to pay off in advance the full amount due. (Note: If this agreement is accepted, we will send you a completely filled-in copy of this agreement.) You may cancel this transaction at any time prior to midnight of the seventh calendar day after the date you signed the contract.*

This agreement becomes a legally binding instrument when signed by the student and accepted by the Fireside Academy, 1234 First Street, Chicago, Illinois 60687

A photocopy of this application will be sent to you for your files.

ENROLLMENT AGREEMENT

IT'S EASY TO ENROLL! Complete and sign this form. Enclose it along with your payment in our postage-free envelope and mail it today. As soon as we receive your enrollment, we'll rush your first lessons to you by return mail.

Name:_____ Course Selected: _____

Address:_____

Street Apt. # City State ZIP

1. CHOOSE YOUR TUITION PLAN:

❒ EASY PAYMENT PLAN: I enclose my check, money order, or credit card information for _____ as my down payment, and will pay _____ each month for _____ months, with payment _____ at _____.

❒ FULL TUITION PLAN: I enclose my _____ tuition in full.

2. CHOOSE YOUR METHOD OF PAYMENT:

❒ Check or money order, payable to Sherlock Holmes Academy (U.S. funds only).

❒ VISA ❒ MasterCard ❒ American Express Card No._____ Expires_____

Truth in Lending Disclosures

1 Sales Price	2 Cash Down Payment	3 Amount Financed (The amount of credit provided to you or on your behalf.)	4 Annual Percentage Rate (The cost of your credit as a yearly rate.)	5 Finance Charge (The dollar amount the credit will cost you.)	6 Total of Payments (The amount you will have paid when you have made all scheduled payments.)	7 Total Sales Price (The total price of your purchase on credit, including your down payment.)
$1,689	$129	$1,560	$.00	.00	$1,560	$1,689

Your first monthly payment will be due one month after we accept your Enrollment Agreement. The monthly payments that follow will be due every month. You will be invoiced every month until your tuition is paid in full. Be sure to read and understand both sides of this Agreement completely before signing it. Be sure there are no blank spaces in section 1 above. See your Tuition Protection Agreement on the reverse side of this form.

3. PLEASE SIGN HERE:

Signature_____ Today's Date:_____ Date of Birth:_____

Daytime phone: (_____)_____ Evening: (_____)_____ Occupation:_____

Circle highest grade completed: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 higher

If you pay by check or money order, be sure to enclose it in the postpaid envelope

The Sherlock Holmes Academy

Number 6 High Wimple Street • Waterford Village, CT 06600 • 800-555-1212

14

THE SHERLOCK HOLMES ACADEMY
TUITION PROTECTION AGREEMENT

The Sherlock Holmes Academy is confident that the course you have selected will be everything we claim. To assure you of this, we provide this cancellation and refund policy. You may cancel your enrollment in any manner at any time, subject to the limitations and conditions below.

When we accept your application, we will send you a copy of this Agreement as you have completed it. Your signature on the reverse side of this form indicates that you have read and understood both sides of this Agreement, and believe that you have the ability to benefit from this course.

You have the option of paying off your tuition balance early. If this application is not accepted, all monies paid will be refunded within 30 days. This Agreement is effective only when accepted at our Connecticut office.

1. If the Sherlock Holmes Academy is notified of cancellation within ten calendar days after midnight of the day on which the enrollment agreement is signed, an applicant requesting cancellation within this time will be given a refund of all money paid to the Academy.
2. From ten calendar days after midnight of the day on which the enrollment agreement is signed and until the time the Academy receives the first completed lesson assignment from the student, upon cancellation, the Academy is entitled to a registration fee of $150.
3. After the Academy receives the first completed lesson assignment and until the student completes half of the course, if the student requests cancellation, the school shall be entitled to the registration fee and charge which shall not exceed the following:
   a. Up to and including completion of the first 10% of the course, 10% of the tuition minus the amount of the registration fee.
   b. After completing more than 10% of the course and up to and including completion of 25% of the course, 25% of the tuition minus the amount of the registration fee.
   c. After completing more than 25% of the course up to and including completion of 50% of the course, 50% of the tuition minus the amount of the registration fee.
4. If the student completes more than 50% of the course, the Academy shall be entitled to the full tuition.

INTERNATIONAL STUDENTS: Tuition payment must be in U.S. funds only. Students in Canada and foreign countries will be responsible for payment of any applicable custom duties.

NEW YORK RESIDENTS: If you cancel this contract, the Academy may keep a portion of the contract price based upon the lessons and ancillary goods you have used. For New York residents, your tuition is the Total Sales Price.

Any holder of this consumer contract is subject to all claims and defenses which the debtor could assert against the seller of goods or services obtained pursuant hereto or with the proceeds hereof. Recovery hereunder by the debtor shall not exceed the amount paid by the debtor hereunder.

IF YOU ARE UNDER 18: Your enrollment obligation must be guaranteed by having your parent, guardian, or responsible person over age 21 sign below. (Note: a guarantor's signature is not required if you are in the U.S. military service.) By signing below, the guarantor guarantees the student's obligations under this Enrollment Agreement.

Guarantor's Name: _____ Guarantor's Signature: _____

Address: _____ Relationship to student: _____

Street Apt. # City State ZIP

WHAT YOU WILL RECEIVE: All lessons, texts, and course materials are included in the tuition for the course you selected. These materials are described in detail in the current literature of Sherlock Holmes Academy. At its sole discretion, the Academy reserves the right to substitute course materials of equal or superior value. The course you have selected is designed to be completed in 12 months or less, but you will be allowed 24 months if you need. If you require more than 24 months to complete your studies, you may request the Director of Education to extend this period an additional six months. Once you have completed your studies and paid your tuition in full, your diploma will be awarded by the Academy.

About the Author

Mr. William Wright, President of American School, Chicago, is retiring in July 1992 after more than 30 years with the school. He first joined the staff of American School in 1958 and has been its President since 1974.

Mr. Wright has been active in NHSC and its Accrediting Commission for many years. He serviced as a school member on the Accrediting Commission from 1984 until 1990, the last three years as the Vice Chairman. He was NHSC's President from 1978 to 1981, and in addition he was a member of the NHSC Board of Trustees and Chairman of the Business Standards Committee. He has served on a number of school evaluations during the past 20 years.

Mr. Wright received the NHSC "Distinguished Service Award" in 1981 and the "Man of the Year" award in 1988.

He has served as a member of the Illinois Proprietary School Advisory Aboard; has been a member of the American Association for Adult and Continuing Education for a number of years; an accrediting review person of the North Central Association; and an attendee and speaker at NASASPS meetings, Southern Association of Colleges and Schools and many NHSC Conferences and Workshops.

Mr. Wright recently gave a presentation at the NHSC Annual Conference on "Creating Better Enrollment Forms."

BEST COPY AVAILABLE

NATIONAL HOME STUDY COUNCIL

1601 18TH STREET, N.W.
WASHINGTON, D.C. 20009
(202) 234-5100

BEST COPY AVAILABLE